Equifax Telling Lenders Of Potential Errors In Credit Scores

Steve Goode MAY 27, 2022

About 12% of customers may have been affected, according to a source.

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Equifax, one of the country's three largest consumer credit reporting agencies, is telling lenders that a coding issue introduced during a technology change to its legacy online model platform may have resulted in the miscalculation of certain credit attributes for about 12% of credit scores.

In a statement emailed to NMP this afternoon, Equifax officials acknowledged there had been a coding issue within a program slated for replacement, and that it may

have resulted in a potential miscalculation of certain attributes used in model calculations.

Officials said data quality and accuracy are at the heart of everything Equifax does and they "take this technology issue very seriously."

Equifax added that the company has notified customers and resellers, and that they are working with individual organizations on analysis. The problem has been corrected, they said, adding that the new system will provide additional controls and monitoring that will help detect and prevent similar issues in the future.

Company officials said credit reports were not affected.

NMP was first alerted about the issue by a source who works in the credit resale industry but requested anonymity. The source shared information that was provided by Equifax to resellers; Equifax has not yet confirmed the details and did not address specifics in its comments to NMP.

According to the industry source, Equifax acknowledged to resellers and lenders that for some transactions, certain attribute values – such as “number of inquiries within one month” or “age of oldest tradeline” – were potentially incorrect.

According to the source, Equifax claims that no underlying credit data was affected, but will acknowledge that the error affected all mortgage clients who received consumer scores utilizing the OMS from March 16 to April 6, 2022. Lenders were initially notified about the issue a week ago and provided more detailed information earlier this week, the source said, citing information Equifax provided to the credit resale company.

Both government-sponsored enterprises, Fannie Mae & Freddie Mac, said they have recently been made aware of the issue.

Fred Solomon, director of financial communications for Freddie Mac, said Friday his company is "working with the Federal Housing Finance Agency (FHFA) to identify any impacts."

Pete Bakel, director of public relations for Fannie Mae, said his agency was doing the same.

Equifax, according to the source, has told resellers that approximately 88% of the credit scores for mortgages using the OMS during the affected timeframe were not affected by the coding error. The company said that less than 9% experienced a change of 10 points or less; less than 3% experienced a change of 11 to 20 points; and less than 1% experienced a change of more than 20 points.

Equifax said the issue was corrected by April 8, the source said, but the credit firm did not provide an assessment of the impact on the industry or relevant customer-specific details, according to the source.

The company has not notified lenders of any remediation it will agree to provide for the erroneous reports it provided, but is expected to work with them to support the actions they deem necessary to address customer concerns, the source said.

Equifax, according to the source, is not notifying consumers affected by the issue at this time, but will agree that any lenders who have closed on a loan and still owns it may request a new credit report.

Equifax, according to the source, is claiming that the issue isolated to the OMS platform and contained by controls already in place; that it has accelerated its

migration from the affected platform to the Equifax Cloud; and that it should be completed during the second quarter of the year.